

31 May 1956

MEMORANDUM FOR: Deputy Director (Intelligence).

FROM: Assistant Director for Basic Intelligence

SUBJECT: Fiscal Support of the International Communism
Intelligence Program Beginning with FY 1958

REFERENCES: (a) DCI Approved Memorandum on International
Communism dated 4 August 1955
(b) DD/I Memorandum for Record, Subject:
Conversation with Mr. W. Park Armstrong
dated 19 August 1955

Problem:

To determine the method by which funds are to be provided for Department of State production of intelligence on International Communism beginning with FY 1958.

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Facts Bearing on the Problem:

25X1A1a

In implementation of reference (a) CIA transferred [REDACTED] to the Department of State for augmentation of staff capabilities to produce NIS on International Communism during FY 1956, and in fulfillment of commitment in reference (b) fiscal support of this program for FY 1957 in amount of [REDACTED] has been included in the OBI proposed Operating Budget for that fiscal year. Special funding arrangements were necessary for FY's 1956 and 1957, as the project was initiated too late to provide for fiscal support in CIA's budget presentations for those two fiscal years. In both reference (a) and (b) the question of budgetary support for this project beginning with FY 1958 is left open to further agreement between CIA and State.

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Discussion:

It is clearly the intent of reference (a) that the International Communism Intelligence Program shall be a continuing one, and the Department of State has undertaken the development of capabilities to meet the objectives of the program on that basis. This objective is being met by expansion of NIS coverage on International Communism; and as of 17 May 1956 the Department of State had 19 people charged directly to this program. It is anticipated that 30 persons will be on duty by 1 July 1956. This is the estimated maximum number that can be employed on this project under the [REDACTED] per annum limitation placed on State by references (a) and (b). Since the Department of State production of intelligence on International Communism is an integral part of its NIS production plan, the personnel engaged in this production have been integrated into the research divisions of OIR. Budgetary considerations are therefore inseparable from the general support being afforded by CIA for State's NIS program. 25X1A1a

Preparation of the preliminary budget for FY 1958 is now in process, and a policy decision is necessary on whether or not CIA is to continue fiscal support of State's production of intelligence on International Communism for the NIS Program. The Department of State's estimate of costs for the program in FY 1958 is [REDACTED]. This is based on the [REDACTED] fiscal support to State for FY 1957, and the addition of [REDACTED] to provide for longevity increases for this staff. 25X1A1a

Conclusions:

a. That the Department of State production of intelligence on International Communism is an integral part of its NIS production responsibility.

b. That CIA should provide budgetary support to the Department of State for this project as it now does for all of State's other NIS activities.

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Recommendations:

a. That CIA agree to support the Department of State in its production of NIS on International Communism for such time as CIA provides the fiscal support of State's other NIS efforts.

b. That CIA accept for budget presentation purposes the Department of State estimate of [REDACTED] as the cost of this portion of the NIS effort for FY 1958. 25X1A1a

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[REDACTED]

Enclosures:

1. Copy of reference (a)
2. Copy of reference (b)

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